

Attachment 10

June 28, 2002

ARS-3246

(CERTIFIED COPY)

Aon Risk Services

*Natural Resources
Group*

This insurance contract is with an insurer not licensed to transact insurance in this State and is issued and delivered as a surplus lines coverage pursuant to the Texas insurance statutes. The State Board of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage and this insurer is not a member of the property and casualty insurance guaranty association created under Article 21.28C, Insurance Code. Article 1.14-2, Insurance Code, requires payment of 4.85 percent tax on gross premium.

June 28, 2002

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Aon Risk Services

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Group*

IMPORTANT NOTICE

To obtain information or make a complaint:

You may contact Aon Risk Services of Texas, Inc. at:

2000 Bering Drive, Suite 900
Houston, Texas 77057-3790
Phone: 1-713-430-6000
Fax: 1-713-430-6590

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights, or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, Texas 78714-9104
FAX # (512) 475-1771

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim, you should contact Aon Risk Services of Texas, Inc. first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

June 28, 2002

(CERTIFIED COPY)

ARS-3246

Aon

Aon Risk Services

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Confirmation of Coverage

Per your instructions and based on the information you provided, Aon Risk Services of Texas, Inc., 2000 Bering Dr., Suite 900, Houston, Texas 77057 has effected insurance as follows:

INSURED'S NAME AND ADDRESS:

Horizon Offshore Contractors, Inc.
2500 CityWest Boulevard, Suite 2200
Houston, TX 77042

PERIOD:

From: 1 May 2002, 12:01 a.m. Local Standard Time
To: 1 May 2003, 12:01 a.m. Local Standard Time

In respect of Section 3:

Open cover to accept risks as may be declared during the period above subject to terms/conditions as within.

INTEREST/SUM INSURED:

Section 1

- A) Hull, machinery, equipment, appurtenances, gear, stingers, bury gear, cranes, derricks, remotely operated vessels etc., and everything connected therewith whether on board or not on board.
- B) Disbursements and/or Increased Value. Policy Proof of Interest, Full Interest Admitted, Without Benefit of Salvage.
- C) War etc. Risks Insurance including War Risks Protection & Indemnity Clauses (including crew)

Agreed Values/Insured Amounts as per schedules attached.

Section 2

- A) Onshore Real and/or Personal Property
- B) Miscellaneous Marine Equipment

Amounts as agreed at inception or as per wording (to be agreed) as per schedule attached.

Including Equipment and Property at risk to the Assured (whether rented, purchased, leased, hired or operated by the Assured and including property of others in the Care, Custody, Control of the Assured is responsible) subject to limit of liability of USD 2,000,000 any one item.

Subject to limit of liability USD 10,000,000 any one location per occurrence.

Aon Risk Services of Texas, Inc.

2000 Bering Drive, Suite 900 • Houston, Texas 77057-3790 • tel: (713) 430-6000 • fax: (713) 430-6590

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Section 3

Builders Risks (open cover) covering - platforms and/or pipelines and/or risers and/or other marine construction work and/or salvage work including land fabrication and procurement. As may be declared and accepted by Leading Underwriters.

Limit: up to USD 20,000,000 (100% of Estimated Final Contract Value) any one declaration both sections separately, plus amounts as per policy wording any one accident or occurrence.

TRADING:

Worldwide subject to American Institute Trading Warranties Cl.210 (July 1, 1972) or held covered at rates to be agreed by Leading Underwriters only and War etc. risks world-wide subject to London Market War Risk Trading Warranties including any subsequent amendments thereto during the term of this policy.

Tows in excess 750 nautical miles or outside of Gulf of Mexico held covered at rate, terms and conditions to be agreed. Warranted Tug, Tow, Towage and Stowage arrangements approved by agreed surveyor hereunder and Warranted all recommendations complied with.

INSURING CONDITIONS:

As attached Slip No. LE0280715

PREMIUM:

ORDER HEREON:

Section I - 100%
Section II - 100%
Section III - 63.5% of 100%

SECURITY:

See Attached

SEVERAL LIABILITY NOTICE (LSW 1001):

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

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CONTRACT OF INSURANCE TO BE ISSUED:

Insurance described herein has been effected, against which a Contract of Insurance will be issued and in the event of any inconsistency, the terms, conditions and provisions of the Contract of Insurance to be issued will prevail. This Confirmation of Coverage will be terminated as of its effective date by the issuance of the Contract of Insurance and the premium and charges shown herein shall be credited thereto.

STATEMENT OF CONNECTED INTERESTS

Aon Corporation has, through its subsidiaries made minority investments in certain Lloyds syndicates, which may be participants in this placement. These investments are subject to strict Lloyds regulations prohibiting any influence upon the business conduct of such syndicates.

CANCELLATION:

This Confirmation of Coverage may be cancelled by the Insured by surrender thereof to Underwriters and/or their representatives, or by mailing to Underwriters and/or their representatives, written notice stating when thereafter such cancellation shall be effective. This Confirmation of Coverage may also be cancelled by the Insurer(s) or by Aon Risk Services of Texas, Inc. on their behalf by mailing to the Insured at the address shown herein or last known address, written notice stating when, in accordance with the number of days notice for cancellation to be provided in the contract of insurance to be issued, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date stated in the notice shall become the termination date of this Confirmation of Coverage. Delivery of such written notice by the Insured, the Insurer(s) or Aon Risk Services of Texas, Inc. shall be equivalent to mailing. Cancellation shall be in accordance with the terms and conditions of the Contract of Insurance to be issued.

INSURER'S HEREUNDER:

It is expressly understood and agreed by the Insured by accepting this Confirmation of Coverage, that Aon Risk Services of Texas, Inc. is not an Insurer hereunder and that Aon Risk Services of Texas, Inc. shall not be in any way or to any extent liable for any loss or claim whatsoever, but that the Insurers hereunder are those individual Insurance Companies and/or Underwriters, whose names appear herein.

For And On Behalf Of:

AON RISK SERVICES OF TEXAS, INC.

By: 

Authorized Representative

June 28, 2002

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*Aon Risk Services**Natural Resources
Group***SECURITY:****Section IA and IB:**

<u>UNDERWRITER</u>	<u>PERCENTAGE WRITTEN</u>
Underwriters at Lloyd's Syndicate No. 2020	15.0%
Underwriters at Lloyd's Syndicate No. 510	7.5%
Underwriters at Lloyd's Syndicate No. 2791	5.0%
Underwriters at Lloyd's Syndicate No. 457	10.0%
 Zurich Specialties London Ltd.	 7.5%
Great Lakes Reinsurance (UK) Ltd.	7.5%
 Underwriters at Lloyd's Syndicate No. 2323	 2.5%
Underwriters at Lloyd's Syndicate No. 2987	4.0%
 International Company of Hannover	 4.5%
 Underwriters at Lloyd's Syndicate No. 1183	 5.0%
Underwriters at Lloyd's Syndicate No. 382	1.5%
 GE Specialty (UK) Ltd. via JLT Risk Solutions Limited	 20.0%
 Continental Insurance Company via Marine Office of America/CNA	 5.0%
 American Employer's Insurance Company	 1.5%
Fireman's Fund Insurance Company	1.3%
Markel Insurance Company	1.7%
Royal Insurance Company	0.5%
via Gulf Coast Marine, Inc.	
	<hr/> 100.0%

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*Aon Risk Services**Natural Resources
Group*SECURITY:Section IC:

<u>UNDERWRITER</u>	<u>PERCENTAGE WRITTEN</u>
Underwriters at Lloyd's Syndicate No. 2020	20.0%
Underwriters at Lloyd's Syndicate No. 510	7.5%
Underwriters at Lloyd's Syndicate No. 2791 via JLT Risk Solutions Limited	5.0%
Zurich Specialties London Ltd.	7.5%
Underwriters at Lloyd's Syndicate No. 2323	2.5%
Underwriters at Lloyd's Syndicate No. 2987	4.0%
International Company of Hannover	4.5%
Underwriters at Lloyd's Syndicate No. 1183	12.5%
Underwriters at Lloyd's Syndicate No. 382	6.5%
GE Specialty (UK) Ltd. via JLT Risk Solutions Limited	20.0%
	100.0%
Continental Insurance Company via Marine Office of America/CNA	5.0%
American Employer's Insurance Company	1.5%
Fireman's Fund Insurance Company	1.3%
Markel Insurance Company	1.7%
Royal Insurance Company via Gulf Coast Marine, Inc.	0.5%
	100.0%

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*Aon Risk Services**Natural Resources
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<u>UNDERWRITER</u>	<u>PERCENTAGE WRITTEN</u>
Underwriters at Lloyd's Syndicate No. 2020	15.0%
Underwriters at Lloyd's Syndicate No. 510	7.5%
Underwriters at Lloyd's Syndicate No. 2791	5.0%
Underwriters at Lloyd's Syndicate No. 457	10.0%
Zurich Specialties London Ltd.	7.5%
Great Lakes Reinsurance (UK) Ltd.	7.5%
Underwriters at Lloyd's Syndicate No. 2323	2.5%
Underwriters at Lloyd's Syndicate No. 2987	4.0%
International Company of Hannover	4.5%
Underwriters at Lloyd's Syndicate No. 1183	5.0%
Underwriters at Lloyd's Syndicate No. 382	1.5%
Via JLT Risk Solutions Limited	
Continental Insurance Company	5.0%
via Marine Office of America/CNA (H1005468)	
Birmingham Fire Insurance Company of PA	25.0%
via Starr Tech (ST2607266)	
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	100.0%

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*Aon Risk Services**Natural Resources
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<u>UNDERWRITER</u>	<u>PERCENTAGE WRITTEN</u>
Underwriters at Lloyd's Syndicate No. 2020	15.0%
Underwriters at Lloyd's Syndicate No. 510	7.5%
Underwriters at Lloyd's Syndicate No. 2791	5.0%
Underwriters at Lloyd's Syndicate No. 457	10.0%
Zurich Specialties London Ltd.	7.5%
Great Lakes Reinsurance (UK) Ltd.	7.5%
Underwriters at Lloyd's Syndicate No. 2323	2.5%
Underwriters at Lloyd's Syndicate No. 2987	4.0%
International Company of Hannover	4.5%
Underwriters at Lloyd's Syndicate No. 1183	5.0%
Underwriters at Lloyd's Syndicate No. 382	1.5%
GE Specialty (UK) Ltd. via JLT Risk Solutions Limited	20.0%
Continental Insurance Company via Marine Office of America/Can	5.0%
American Employer's Insurance Company	1.5%
Fireman's Fund Insurance Company	1.3%
Markel Insurance Company	1.7%
Royal Insurance Company	0.5%
via Gulf Coast Marine, Inc.	
	<hr/>
	100.0%

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*Aon Risk Services**Natural Resources
Group*SECURITY:Section III

<u>UNDERWRITER</u>	<u>PERCENTAGE WRITTEN</u>
Underwriters at Lloyd's Syndicate No. 2020	15.0%
Underwriters at Lloyd's Syndicate No. 510	7.5%
Underwriters at Lloyd's Syndicate No. 2791	5.0%
Underwriters at Lloyd's Syndicate No. 457	10.0%
Zurich Specialties London Ltd.	7.5%
Great Lakes Reinsurance (UK) Ltd.	7.5%
Underwriters at Lloyd's Syndicate No. 2323	2.5%
Underwriters at Lloyd's Syndicate No. 2987	4.0%
International Company of Hannover via JLT Risk Solutions Limited	4.5%
	<hr/> 63.5%

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LE0280715

Type: Package Policy.

Form: MAR91. (English Jurisdiction deleted).

Assured: Horizon Offshore Contractors, Inc. and/or as per Named Assured Clause attached and/or as may be agreed.
Address: 2500 City West Boulevard, Suite #2200, Houston, Texas
77042, U.S.A.

Vessels: As per schedules attached.
Including if required new and/or acquired and/or managed and/or chartered vessels, from time at risk to the Assured or declared hereto by the Assured, including increase in values/amounts, automatically held covered, subject to a maximum individual combined vessel value/amount not exceeding top value/sum insured hereon and further subject to terms, conditions and rates as comparable vessels insured or as may be agreed by Underwriters.

Period: 12 months at 00.01 a.m. 1 May, 2002 Local Standard Time and/or date to be agreed Leading Underwriters only.

In respect of Section 3:-
Open cover to accept construction and/or installation work as declared (whether directly exposed or not) for which the Assured is responsible and which commences during the period as above including all refurbishment, pre-fabrication, load out, transportation, installation and maintenance and until final completion and operational acceptance by Client and/or Customer and for a further discovery period not exceeding 12 months from such acceptance. However, in the event the Assured hereon does not renew beyond above dates for coverage under Sections 1, 2 and 3, notice of cancellation is deemed given by Underwriters in respect of all declarations (except for those for which construction is completed in which case maintenance or discovery period up to policy limit but not exceeding 60 days after expiry date) attaching to this section from the expiry of such notice.

Interest/Sum Insured: Section 1
A) Hull, machinery, equipment, appurtenances, gear, stingers, bury gear, cranes, derricks, remotely operated vessels, and everything connected therewith whether on board or not on board.

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- B) Disbursements and/or Increased Value. Policy Proof of Interest, Full Interest Admitted, Without Benefit of Salvage.
- C) War etc. Risks Insurance including War Risks Protection & Indemnity Clauses (including crew)

Agreed Values/Insured Amounts as per schedules attached.

Section 2

A) Onshore Real and/or Personal Property

B) Miscellaneous Marine Equipment.

Amounts/values as agreed at inception as per schedule attached.

Including Equipment and Property at risk to the Assured (whether rented, purchased, leased, hired or operated by the Assured and including property of others in the Care, Custody, Control of the Assured is responsible) subject to limit of liability of USD 2,000,000 any one item.

Subject to limit of liability USD 10,000,000 any one location per occurrence.

Section 3

Builders Risks (open cover) covering - platforms and/or pipelines and/or risers and/or other marine construction work and/or salvage work including land fabrication and procurement. As may be declared and accepted by Leading Underwriters.

Limit: up to USD 20,000,000 (100% of Estimated Final Contract Value) any one declaration both sections separately, plus amounts as per policy wording any one accident or occurrence.

Trading:

Worldwide subject to American Institute Trading Warranties CI.210 (July 1, 1972) or held covered at rates to be agreed by Leading Underwriters only and War etc. risks world-wide subject to London Market War Risk Trading Warranties including any subsequent amendments thereto during the term of this policy.

Tows in excess 750 nautical miles or outside of Gulf of Mexico held covered at rate, terms and conditions to be agreed. Warranted Tug, Tow, Towage and Stowage arrangements approved by agreed surveyor hereunder and Warranted all recommendations complied with.

Conditions: Section 1

A) Subject to American Institute Hull Clauses (June 2, 1977) CI.A1B amended to all risks of physical loss or physical damage.

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Lines 23 and 24 deleted and replaced by:

Should the vessel at the expiration date of the policy be in distress, she shall, provided previous notice be given to Underwriters hereon, be held covered until arrival at safe port.

Line 63 words from "nor shall the vessel" through to word "waters" on line 64 and lines 158-184 are deleted.

Including Collision and Tower's Liability amended to include collision and/or contact with fixed and floating objects per lines 78-111 of the American Institute Tug Form (August 1, 1976) CIA230, with line 79 amended by adding words "or contact" after word "collision" for separate minimum limit of USD 1,000,000 each accident or occurrence or hull value whichever the greater.

In respect of Collision Liability arising from vessel's equipment (e.g. floating stingers), it is agreed that such equipment is deemed part of vessel to which it is currently or previously assigned.

Deductibles:

USD 500,000 each accident or occurrence including total loss.

Subject to Annual Aggregate deductible of USD 1,500,000 excluding total loss (Sections 1 & 2), to be reviewed by Leading Underwriters following a change in the fleet schedule hereon.

In respect of Assured's operations with Chevron USA deductibles to be shown as a maximum of USD 25,000 subject to Indemnity Clause as attached.

In consideration of the premium charged including cargo risks hereon on miscellaneous property including property separated from vessels, in transit, storage etc. subject to a separate limit of USD 5,000,000 any one accident or occurrence subject to Institute Cargo Clauses (A) 1/1/82 Cl.252, Institute Cargo Clauses (Air) 1/1/82 Cl.259 and Institute Strikes Clauses (Cargo) 1/1/82 Cl.256, with English Law and Practice deleted on all clauses.

Deductible USD 75,000 any one accident or occurrence.

Institute War Clauses (Cargo) 1/1/82 Cl.255 without deductible.

B) Increased Value Amount against Actual and/or Constructive and/or Compromised and/or Arranged Total Loss including General Average, Salvage, Salvage Charges, Sue & Labour and Running Down Clause subject to American Institute Increased Value and Excess Liabilities Clauses (November 3, 1977) CIA175 amended as Hull section hereon and to follow settlement thereof where applicable.

C) Including American Institute Hull War Risks and Strikes Clauses (December 1, 1977) CIA237, American Hull Insurance Syndicate Addendum to American Institute Hull War Risks and Strikes Clauses (December 1, 1977) (April 1, 1984) with waiting period in clause 3 amended to six (6) months and words "or deliberate act of person or persons" added after the word operations and further amended to include

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Nationalization 100% without waiting period and Deprivation in respect of units/locations scheduled at inception, otherwise to be agreed.

Notice period in respect of war and terrorism amended to 48 hours.

Including Terrorist Risks Wording as LPO 437 (4/82), Old Mines Clause, Blocking and Trapping Risks Conditions as LPO 444.

Subject to Onus of Proof and Confidentiality wording in respect of Confiscation, Nationalization, Expropriation and Deprivation only.

War, Confiscation, Nationalization, Expropriation and Deprivation exposures to be agreed at additional premium to be agreed Leading Underwriters.

American Institute S.R. & C.C. Endorsement (Hulls) September 8, 1959 CIA503.

Including War etc. Risks Protection and Indemnity up to hull agreed value or USD 1,000,000 whichever the greater also applicable to vessels covered under Assured's Club entry.

Missing Vessels Clause.

General Section 1 Conditions

Agree in respect of bareboat chartered material barges deductible USD 100,000 excluding Total or Constructive Total Loss for vessels valued less than USD 1,000,000 but USD 250,000 excluding Total or Constructive Total Loss all other vessels. Full annual premium if lost.

if including Protection and Indemnity as SP 23 (excluding crew and employees of the Assured). Including amendments thereto as required by contract in respect of work for Chevron USA Inc., subject to separate minimum limit USD 1,000,000 each accident or occurrence and deductible USD 100,000 any one occurrence.

Including Removal of Wreck/Debris Clause (including legal and contractual) but always excluding clean up and containment of seeping and polluting substances, for separate limit USD 1,000,000 any one accident or occurrence, deductible USD 100,000 any one accident or occurrence.

Cancelling Returns Only, notwithstanding C.R.O. basis, for units projected to be idle for periods greater than 90 days or units undergoing upgrade modification or cold stacked units, liberty is granted to the Assured to declare such risks on port risks/limited navigation basis returning daily pro rata not under repair or daily pro rata if under repair.

Reactivation Clause to be agreed.

General Average, Salvage, Salvage Charges and Sue & Labour up to Agreed value and such limit in addition - final limit to be agreed by Leading Underwriters (combined single limit over all 3 sections).

Warranted existing class maintained. However, it is noted that, where and as applicable due to the non-operational status and/or type and/or geographical limits of operation and navigation of a scheduled vessel, a United States Coast Guard Certificate of Inspection or a United States Coast Guard Letter of Compliance or a

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Load Line Certificate shall satisfy the requirements of any Classification requirement herein. It is further noted that any such Classification requirement shall not apply to any vessels where size and/or type and/or navigational operation do not require inspection and/or load line certification from the appropriate regulatory agency.

Including Institute Clauses for Builders Risks Clauses 1/6/88 Cl.351 (English Law and Practice clause deleted) in respect of refitting, repair of vessel(s) as applicable, but not to the extent of restricting coverage afforded herein, with option to suspend coverage hereunder for period(s) as may be agreed, subject automatic reattachment upon completion to be agreed, returning pro rata status at inception premium, if above repair work etc. covered elsewhere. No new buildings attaching hereunder or to be agreed Leading Underwriters, excluding latent defect.

Provision to move equipment from vessel to vessel and/or as required.

Assignment and/or Mortgagees and/or Loss Payable Clause, as agreed Leading Underwriters.

Section 2

A) Against all risks of direct physical loss or physical damage including fire and extended all risks coverage, to the property from any external cause per wording to be agreed leading Underwriter.

B) Against all risks of direct physical loss or physical damage including fire and extended all risks coverage, to the equipment from any external cause per wording to be agreed leading Underwriter

The subject matter insured under this section is covered whilst in use or otherwise on land, in air or afloat.

Both A and B)

Replacement Cost Basis, New for Old.

Including Removal of Debris but always excluding clean up and containment of seeping and polluting substances and for an additional USD 1,000,000 limit, subject to a deductible of USD 100,000 any one accident or occurrence.

Deductible 5% of value subject minimum USD 50,000 each accident or occurrence. Subject to Annual Aggregate Deductible as Section 1.

Property and/or equipment insured hereunder whilst stored, in transit or otherwise, also subject Institute Cargo Clauses (A) 1/1/82 Cl.252, Institute Cargo Clauses (Air) 1/1/82 Cl.259 and Institute Strikes Clauses (Cargo) 1/1/82 Cl.256 to extent not restricting coverage otherwise afforded herein, with English law and practice deleted on all clauses. Deductible as above.

Institute War Clauses (Cargo) 1/1/82 Cl.255 without deductible.

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Notice period in respect of war and terrorism amended to 48 hours.

Confiscation and Expropriation wording LPO 324 (8/71) including Nationalisation and Deprivation Clauses to be agreed.

Section 3

As per WELCAR2001 wording with following amendments:

Named Assured hereon covered Principal Assured.

Clause 9, Sue and Labour Clause (page 15): "25% of the scheduled value" amended to "25%" of the Full Contract Value.

Clause 11, Removal of Wreck, Wreckage and/or Debris (page 16): "25%" amended to USD 1,000,000 any one accident or occurrence.

Clause 12, Tests, Leak and/or Damage Search Costs (page 16): (Amount) amended to "10%" of the Full Contract Value or USD 1,000,000 whichever the greater.

Clause 13, Stand-by Charges (page 16): (Amount) amended to "10%" of the Full Contract Value or USD 1,000,000 whichever the greater.

Clause 17, Forwarding Charges (page 19): (Amount) amended to "10%" of the Full Contract Value or USD 1,000,000 whichever the greater.

Discovery 12 months.

Including Endorsement 1 - Defective Part Exclusion Buy-Back at rate as may be agreed each declaration.

Excluding faulty welds as per wording.

Agree provide Seepage and Pollution cover hereunder in respect of Assured's Builders Risks projects as required subject prompt advice to Underwriters and for limit up to USD 20,000,000 each occurrence per project as declared and agreed each declaration by leading Underwriters.

This section is to be primary to any other insurance purchased by the Assured in respect of projects as declared where full contract value is covered hereunder only.

Including Nationalisation and Deprivation and Terrorist Risk Wording LPO 437 (4/82) to be agreed subject to paragraph below .

In respect of War, Strikes & Political Risks – to be agreed.

Notwithstanding anything contained herein the coverages included above in respect of property insured hereunder is included in coverage hereunder until the completion and acceptance by the Assured's client of the project, including pipelines and associated equipment whilst being laid and work to/onboard any fixed or floating platform, other than in respect of property/equipment fixed onland, on a fixed structure

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or on the sea-bed for which coverage is held covered subject to the attached War Direct Physical Damage Wording and subject to the attached War Direct Physical Damage Wording LSW667 (Modified) as attached subject to an aggregate limit in respect of any one country (being the Full Contract Value of the project but always subject to an overall aggregate limit of USD 10,000,000 any one country) subject to advice to Underwriters prior to project commencement and subject to Additional Premium at rate to be agreed leading Underwriters only.

Notice period in respect of war and terrorism amended to 48 hours.

General Conditions (in respect of All Sections) – all to be agreed

Paramount Deductible Clause (applicable to Sections 1 and 2 only).

Preferred Attorneys, Adjusters, Surveyors schedules to be agreed.

Cross Liability Clause as required by contract.

Deliberate Damage Clause.

Institute Radioactive Contamination Exclusion Clause 1/10/90 Cl.356 dated 1st October 1990 including USA Endorsement dated 13th March 1991.

Other than Owners Limitation Clause deleted where required by written contract.

It is understood and agreed that where required by contract, bid or work order, Additional Assured and/or Waivers of Rights of Subrogation are automatically included hereunder, subject further to Notice Clauses as may be required by written contract only and that coverage provided hereunder shall be primary in respect of any coverage carried by said additional assureds where required by written contract.

Conflicting Conditions Clause to be agreed Leading Underwriter.

LSW 1001 Several Liability Notice.

Institute Service of Suit Clause (USA) 1/11/92 Cl.355.

Additional Vessels Clause.

Privilege to Charter Clause.

Including in addition Salvage, Salvage Charges, Sue and Labour and General Average payable in full irrespective of contributory value.

Seaworthiness Admitted.

Liberty to tow or be towed.

Unintentional Errors and Omissions in Reporting Clause.

Port of Refuge Expenses Clause.

Assignment and/or Mortgagees and/or Loss Payable Clause, as agreed Leading Underwriter.

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Permission for crew to effect repairs, with those costs directly related to insured losses to be included in any claim, subject to approval of underwriters adjuster/surveyor.

Including Protective Co-Insurance Clauses and Loss Payees as agreed Leading Underwriter.

Permission granted to engage in any legal trade including carriage of explosives which warranted carried in accordance with IMO Coastguard regulations.

Agree 2% allowance on Hull/Increased Value premiums in respect of survey fees on an actual incurred basis, subject invoices.

Direct or Reinsurance as agreed.

Oil Pollution Act Disclaimer Clause.

Subject U.S. Jurisdiction & Law and Practice.

Contracts (TP) Act clause to be agreed.

LSW 3000 (15 days)

Full wording to be agreed.

Subject full operational review by Global Maritime, with scope of review to be agreed within 90 days of attachment, and subject all recommendations complied with.

Premium:

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*Aon Risk Services**Natural Resources
Group*HORIZON OFFSHORE CONTRACTORS, INC.SECTION 1 - HULL AND MACHINERY WORKSHEET

VESSEL	HULL USD	HULL RATE	HULL PREMIUM USD
AMERICAN HORIZON	8,000,000		
PHOENIX HORIZON	12,000,000		
CAJUN HORIZON	5,600,000		
GULF HORIZON	15,200,000		
CANYON HORIZON	19,200,000		
LONE STAR HORIZON	19,200,000		
PEARL HORIZON	6,400,000		
STEPHANITURM*	15,200,000		
*HORIZON MB100	2,400,000		
ATLANTIC HORIZON	17,000,000		
PACIFIC HORIZON	24,000,000		
PECOS HORIZON	16,000,000		
SEA HORIZON	20,000,000		
BRAZOS HORIZON	8,000,000		
	188,100,000		

* On long term charter – to attach with effect from date to be agreed Leading Underwriters.

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*Aon Risk Services**Natural Resources
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SECTION 1 - DISBURSEMENTS WORKSHEET

VESSEL	INCREASED VALUE USD	IV RATE	IV PREMIUM USD
AMERICAN HORIZON	2,000,000		
PHOENIX HORIZON	3,000,000		
CAJUN HORIZON	1,400,000		
GULF HORIZON	3,800,000		
CANYON HORIZON	4,800,000		
LONE STAR HORIZON	4,800,000		
PEARL HORIZON	1,600,000		
STEPHANITURM*	3,800,000		
HORIZON MB100	600,000		
ATLANTIC HORIZON	4,125,000		
PACIFIC HORIZON	6,000,000		
PECOS HORIZON	4,000,000		
SEA HORIZON	5,000,000		
BRAZOS HORIZON	2,000,000		
	47,025,000		

*On long term charter – to attach with effect from date to be agreed Leading Underwriters.

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*Aon Risk Services**Natural Resources
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HORIZON OFFSHORE CONTRACTORS, INC.
SECTION 1 – WAR/TERRORISM ETC. WORKSHEET

<u>Vessel</u>	<u>Agreed Value</u>	<u>War etc. Rate</u>
American Horizon	USD 10,000,000	Gulf of Mexico
Phoenix Horizon	USD 15,000,000	Gulf of Mexico
Cajun Horizon	USD 7,000,000	Gulf of Mexico
Gulf Horizon	USD 19,000,000	Ecuador
Canyon Horizon	USD 24,000,000	Gulf of Mexico
Lone Star Horizon	USD 24,000,000	Gulf of Mexico
Pearl Horizon	USD 8,000,000	Gulf of Mexico
Stephaniturm*	USD 19,000,000	North Sea
Horizon MB 100	USD 3,000,000	Gulf of Mexico
Atlantic Horizon	USD 21,125,000	Gulf of Mexico
Pacific Horizon	USD 30,000,000	Gulf of Mexico
Pecos Horizon	USD 20,000,000	Gulf of Mexico
Sea Horizon	USD 25,000,000	Indonesia
Brazos Horizon	USD 10,000,000	Gulf of Mexico

* On long term charter

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*Aon Risk Services**Natural Resources
Group*HORIZON OFFSHORE CONTRACTORS, INC.VESSEL SCHEDULE

	<u>Total Value</u>	<u>Year Built (Re)</u>	<u>GRT</u>	<u>SIZE</u>	<u>TYPE</u>
<u>Horizon Offshore</u>					
American Horizon	USD 10,000,000	1960/64/86	1,762	180 x 85	Lay/Bury Barge
Phoenix Horizon	USD 15,000,000	1977/82/96	4,988	300 x 90	Derrick/Lay Barge
Cajun Horizon	USD 7,000,000	1980	514	140 x 46	Lay Barge
Gulf Horizon	USD 19,000,000	1968	3,859	350 x 72	Lay Barge
Canyon Horizon	USD 24,000,000	1966	5,686	330 x 90	Bury Barge
Lone Star Horizon	USD 24,000,000	1961/73	3,774	320 x 90	Lay Barge
Pearl Horizon	USD 8,000,000	1973	1,063	184 x 45	Dive Support Vessel
Stephaniturm	USD 19,000,000	1978	1,954	230 x 45	Dive Support Vessel
Horizon MB100	USD 3,000,000	1982/83/96	5,950	328 x 100	Cargo Barge
Atlantic Horizon	USD 21,125,000	1982/98	6,103	420 x 98	Derrick Barge
Pacific Horizon	USD 30,000,000	1972/74/98	7,218	350 x 100	Derrick Barge
Pecos Horizon	USD 20,000,000	1970	2,688	256 x 72	Pipe Bury Barge
Sea Horizon	USD 25,000,000	1977	6,889	361 x 98	Derrick/Lay Barge
Brazos Horizon	<u>USD 10,000,000</u>		2,225	210 x 70	Derrick Barge
	USD 235,125,000				

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HORIZON OFFSHORE CONTRACTORS, INC.

SECTION 2 - PROPERTY/EQUIPMENT

To Be Confirmed/Agreed

Section A (Provisional)

2500 City West Boulevard, Houston, Texas	USD 20,000,000
Sabine Pass Facility, Texas	
To be advised, Ciudad del Carmen, Mexico	
Port Arthur Yard Facility, Port Arthur, Louisiana	
24 Festival Road, Victoria Island, Lagos, Nigeria	
Singapore/Jakarta, South East Asia	

Section B (Provisional)

Miscellaneous Equipment	USD 10,000,000
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TOTAL	USD 30,000,000
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War /Terrorism Schedule

USD 27,000,000

USD 3,000,000 (Indonesia)

IRO/AE 00322

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HORIZON OFFSHORE CONTRACTORS, INC.

SECTION 3 – BUILDERS RISKS

Subject that all contracts with an Estimated Final Contract Value of greater than USD 2,000,000 are to be declared hereon.

PIPELINE PROJECTS

Not exceeding 18" pipe and 500' of water:

Estimated Contract Value up to USD 5,000,000 2.25% on Final Contract Value.

Estimated Contract Value in excess of USD 5,000,000 3.00% on Final Contract Value.

Not exceeding 24" pipe and 500' of water:

Estimated Contract Value up to USD 5,000,000 2.70% on Final Contract Value.

Estimated Contract Value in excess of USD 5,000,000 3.60% on Final Contract Value.

Excess of 24" pipe and/or 500' of water: To Be Agreed.

NON PIPELINE PROJECTS

1.875% on Final Contract Value

DEDUCTIBLES (ACROSS ALL PROJECTS)

USD 2,500,000 any one accident or occurrence.

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HORIZON OFFSHORE CONTRACTORS, INC.

NAMED ASSURED

Horizon Offshore, Inc.
Horizon Offshore Contractors, Inc.
Horizon Vessels, Inc.
Horizon Offshore Contractors Ltd
Horizon Offshore International Ltd
Horizon Offshore (Nigeria) Ltd
Horizon Group LDC
Elliot Associates, LP or Affiliates
Westgate International, L.P. and Affiliates
Horizon/Cal Dive Joint Venture (to be agreed)
ECH Offshore S.A. de R.L. de C.V.
HOC Offshore S.A. de R.L. de C.V.
HorizEn L.L.C.
Tiburón S.A. de R.L. de C.V.
Horizon Vessels International Ltd.
PT Horizon Marine Construction Indonesia

Inactive or Former Entities:

Horizon Marine International, Inc.
Horizon Offshore L.L.C.
HLS Offshore L.L.C. doing business as HLS International Companies
Highwood Associates, Inc.
HLS Offshore Inc.
Horizon Subsea Services, Inc.
DSND Horizon L.L.C.

or as their interests may appear and their affiliated, subsidiary and interrelated companies, and/or co-venturers and/or operators as charterer as may now, heretofore or hereafter exist and having an interest hereunder at the time of happening of any loss, as their respective rights and interests do appear and/or any executive officer, employee, director or stockholder thereof while acting within the scope and/or course of their duties as such and/or as expiring and/or as may be agreed.

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CIT Group/Equipment Financing, Inc. as Mortgagees are named hereon as additional insureds and loss payees as their interests may appear, subject to Loss Payable Clause as expiring.

GMAC Business Credit, LLC its successors and/or assigns are added as loss payees hereon in respect of vessel "Sea Horizon".

General Electric Capital Corp. are added as loss payees hereon in respect of vessel "Pecos Horizon".

HORIZON OFFSHORE CONTRACTORS, INC.

CHEVRON INDEMNITY CLAUSE

It is hereby noted and agreed that in respect of Assured's operations with Chevron USA Inc. the deductible(s) are amended to USD 25,000 any one accident or occurrence subject Assured indemnifying Underwriters hereon at the time of settlement, for the difference between the above amount and the previously agreed deductibles hereon in the event of a claim.

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Aon Risk Services

*Natural Resources
Group*

SECTION 3 – Scope of Work

As follows each declaration or as may be agreed by Leading Underwriters:

The scope of Marine Warranty Survey work will require the Warranty Surveyor to assess the following items for a pipeline installation or to be agreed:

1. Transportation of Pipe

Review and approve and/or attend:

Barge and Tug suitability survey (sometime "waived", or nominally surveyed when the particular barge is known to the Warranty Surveyor)
Barge stability and bollard pull requirement
Barge ballast arrangement and longitudinal strength (waived when adequacy of barge strength is obvious).
Sea-fastening design
Pipe loading and unloading
Pipe barge sailaway

2. Pipelaying procedures

Review and approve:

Weather monitoring
Pipe coat specification
Mooring of barge
Pipe tension versus water depth for a specific diameter of pipe
Shut down based on limiting sea state

3. Pipe Laying

Attendance:

Warranty Surveyor mariners may attend a few of the following operations (depending on size and scope of job):

- a) Shore Pull
- b) Normal pipe lay
- c) Tie-in
- d) Trenching
- e) Pipeline crossing
- f) Other critical operations

To be agreed James Miller (Zurich Specialties London Limited)